

Development Alternatives, Inc./FINNET  
Contract No. 521-C-00-00-00019-00

**QUARTERLY REPORT  
(October – December 2004)**

**DEVELOPMENT ALTERNATIVES, INC.**  
**FINNET**  
**Contract No. 521-C-00-00-00019-00**

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**CONTRACT OBJECTIVES**

USAID Haiti Economics Group:

- ◆ Strategic Objective 1: Sustainable Increased Income for the Poor
- ◆ Intermediate Result 1.2: Small and Micro-entrepreneurs Economically Empowered

USAID Haiti's Strategic Objective 1 and Intermediate Result 1.2 mirror DAI/FINNET's goal of facilitating the development of the microfinance sector in Haiti in order to improve and expand the delivery of financial services to the working poor. The DAI/FINNET strategy appropriately focuses primarily on technical assistance in two categories, industry building and institution building.

**EXECUTIVE SUMMARY**

An overall project work plan for five years was initially submitted in May 2000 and the on-going annual activities relative to that plan have been cited in the subsequent annual work plans and the quarterly reports. A key assumption of that plan is that the USAID mission would choose to exercise the option for an additional year through March 2006.

We received notification on November 29, 2004 of the mission's intent to exercise its option for an additional year through March 2006. However, no indication of incremental funding for that option year was specified with that notification.

As of December 31, 2004, of the original contract amount of \$10, 307,000, the amount of \$7, 413,000 had been obligated to the project of which 94.9% has been spent. The project is effectively in a slow down mode as we await a final word on incremental funding for the option period.

The quarter October through December 2004 represented the third quarter of the fifth and final year of the base contract period. The objectives for Year 5 remain focused on 1) improving the institutional readiness of a core group of partners, and 2) developing support frameworks critical for a strong enabling environment.

In the area of institution building, the activities were centered on providing MFIs with a varied program of skills development and core trainings. The industry building programs continued to target supporting association building, promoting performance standards, and developing the Customer Liability Information System (CLIS).

In this quarter the holiday period and continued problems with street disturbances in certain neighborhoods of Port au Prince contributed to a reduced level of program activities.

Notable progress in this quarter was achieved on several important fronts:

- ◆ Selected Microfinanza to perform MFI institutional diagnostics.
- ◆ Initiated the institutional diagnostics of ANIMH members.
- ◆ Collaborated with ANIMH to assess impact of Hurricane Jeanne on MFIs operating in Gonaives.
- ◆ Obtained agreement of USAID to provide financial support to MFIs in Gonaives affected by the flooding to allow the MFIs to restore operations.

#### **On the industry building side, FINNET:**

- ◆ **Continued to facilitate the weekly sessions of the Board of Directors the Association Nationale des Institutions de Microfinance D'Haiti (ANIMH).** The group meets weekly at the FINNET office. Recent activities have focused on launching a comprehensive institutional assessment exercise for its thirteen members. This activity would be the first phase of a program to develop a long-term, multi-phased strategy to increase the operational capacity of its members. In addition, ANIMH has reached out to donors to obtain assistance to allow the association to formalize its structure and to build its institutional capacity. In mid-December, DAI/FINNET worked with the ANIMH Board to develop terms of reference for the Executive Director position at ANIMH. ANIMH expects to begin recruitment in early 2005.
- ◆ **CLIS Team completes installation and continues system testing and verification process.** During the last week of September and the first week of October, the Bethesda based FINNET Project Associate, Ms. Alexis Curtis, and Mr. Emir Pilav, an international consultant engaged by DAI/FINNET as the lead Customer Liability Information System (CLIS) programmer, worked with a local DAI/FINNET consultant, Mr. Kello Julien, to complete the installation of CLIS at ACME and Sogesol. The system has been installed at both sites and the MFIs started the process of uploading the client history information from their databases into CLIS. CLIS system testing began in November. The participating MFIs were required to verify that the data captured by and presented in CLIS matches the data compiled in the source files, such as the portfolio tracking system. CLIS system testing continued during the month of December. Mr. Kello Julien, will continue to work with the programmer, Emir Pilav, and the participating MFIs to troubleshoot any problems and to correct any programming errors. The project expects the testing and verification process to be complete by the end of January 2005.
- ◆ **DAI Meets with USAID Mission Senior Management.** During his visit to Haiti in October 2004, Mr. Robert Dressen, Vice-President of the Banking and Financial

Services Group at DAI, and Lloyd Freeman, DAI/FINNET Chief of Party, met with Mrs. Erna Kerst, Director of USAID/Haiti and Mrs. Pam Callen, Deputy Director. Mrs. Kerst, who only recently assumed the Director role in Haiti, indicated that she is aware that FINNET is a “star” project for the mission and that the mission is very satisfied with the project’s work and results. The same opinion was voiced by Mrs. Callen, who also said that the mission will be looking to DAI/FINNET to support the Comité de Coordination Interimaire (CCI)—a donor committee set up to oversee several private sector transition programs in Haiti. DAI/FINNET articulated that it is important that the MFIs are adequately represented and that ANIMH be included in the process as well. Also, during the meeting Mr. Dressen commended the mission for their long-running support of the microfinance sector in Haiti and urged the mission to continue playing a leading role, assuring the development of a strong and sustainable microfinance industry in Haiti.

### **On the institution building side, FINNET:**

- ◆ **Offered Microfin training to MFIs.** From October 11 to 15, three local DAI/FINNET trainers, Mr. Coutilien Piquion of Group AGIR, Mr. Frantz Elyzee of GRAFIN, and Mr. Ose Pierre of DAI/FINNET, delivered the CGAP Business and Strategic Planning (MICROFIN) course to 13 participants from 10 institutions. Because this was the first time that DAI/FINNET’s trainers delivered the course in Haiti, Mr. Tanguy Gravot, a training specialist from CAPAF—CGAP’s training center for francophone Africa, visited Haiti to observe the training session. Given the large amount of interest in this course, DAI/FINNET intends to offer a second session in the beginning of 2005.
- ◆ **Offered New Product Development training to MFIs.** From November 22 to 26, two local DAI/FINNET trainers, Mr. Coutilien Piquion of Group AGIR and Mr. Frantz Elyzee of GRAFIN, delivered the CGAP New Product Development course to 14 participants from 8 institutions.

Because this specific course was offered for the first time by DAI/FINNET in Haiti, Mr. Soulemane Djobo, a training specialist from CAPAF—CGAP’s training center for francophone Africa, visited Haiti to observe the training session and to supervise the certification of the trainers.

Due to the high level of demand, DAI/FINNET intends to offer another session of this course in 2005. Participants learned how to: describe the new product development process; evaluate the capacity of the institution to develop a new product; apply different market research tools to assess client demand; calculate the costs and price new products; put in place a pilot to test new products; and launch the new product that meets client needs.

## **SUMMARIES OF KEY ACTIVITIES CONDUCTED OVER THIS QUARTER:**

### **DAI/FINNET and ANIMH Select Microfinanza to Conduct MFI Institutional Diagnostics**

On September 27, 2004, DAI/FINNET invited four international consulting firms with experience in conducting institutional ratings and assessments of MFIs to submit proposals to undertake an institutional evaluation exercise of the thirteen members of the National Association of Microfinance Institutions in Haiti (ANIMH). The four firms included: DAI, Planet Finance, Microfinanza, and Alternative Credit Technologies. Only the French firm, Planet Finance, and the Italian firm, Microfinanza Srl, expressed interest in bidding and provided DAI/FINNET with technical and cost proposals by the submission deadline.

Of the firms interested in conducting the institutional assessments of the thirteen members of ANIMH, Microfinanza Srl is the most technically qualified and most affordable firm available to complete this assignment.

Microfinanza Srl is an Italian consulting firm, internationally recognized as one of the leading ratings agencies capable of conducting high-quality, affordable institutional assessments and ratings of microfinance institutions (MFIs) around the world. The Consultative Group to Assist the Poorest (CGAP)—a donor consortium set up to help microfinance institutions worldwide—has identified Microfinanza Srl as one of its approved rating agency partners available to provide assessment and rating services to MFIs through CGAP's Ratings Fund. Microfinanza Srl, which has worked in over twenty-five countries, understands well the microfinance environment in Haiti, having rated one of DAI/FINNET's MFI partners on two occasions and having completed an evaluation of a rural credit program.

ANIMH and DAI/FINNET evaluated the proposals based on the following predetermined criteria:

- |                       |           |
|-----------------------|-----------|
| 1. Technical Approach | 40 points |
| 2. Key Personnel      | 25 points |
| 3. Past Performance   | 20 points |
| 4. Cost               | 15 points |

Microfinanza received the highest overall score. Not only did their technical approach clearly address the points outlined in the RfP, but it went beyond what was asked for as well. Their approach included holding workshops for the participating MFIs to explain the evaluation process and to allow the MFIs to ask any questions and raise any concerns they might have. The two consultants proposed to do the work have both completed numerous ratings and institutional assessments of MFIs of various types, sizes, and legal statutes throughout the world. Both are familiar with the microfinance environment in

Haiti, and one of the proposed members, as recently as this year, completed a rating of one of the MFIs in Haiti.

### **Microfinanza Begins Diagnostic Assessments of ANIMH Members**

On November 21, the two-member Microfinanza Srl diagnostic team arrived in Haiti to begin the diagnostic assessments of select ANIMH members. To start of the exercise, Massimo Vita, the Microfinanza Team Leader, and Giorgia Carloni, the project analyst, held a meeting with all ANIMH members participating in the exercise at DAI/FINNET's office. During this meeting, Microfinanza explained the diagnostic process, highlighted the benefits of participation, and responded to the questions and concerns of the MFIs.

The team remained in-country until December 17 and completed the first grouping composed of ACME, ID, BPH, and Sogesol. On January 9, the team will return to complete the diagnostics of the following eight members: ACLAM, Fondespoir, Graifsi, FHAF, Fonkoze, GTIH, and COD/EMH. The full exercise is expected to be completed in late February 2005.

### **ANIMH and DAI/FINNET Meet with MFIs to Discuss Impact of Hurricane Jeanne**

On October 1, the ANIMH Board of Directors and DAI/FINNET called a meeting with the management of the MFIs affected by the flooding caused by hurricane Jeanne in the north. Six MFIs (ACLAM, BUH, Fonkoze, Fondespoir, MCN, and Sogesol), who are DAI/FINNET's partner institutions, are dealing with the aftermath of Jeanne.

These MFIs have experienced major capital equipment losses and serious damage to their branch offices. For all six MFIs, the physical losses amount to approximately \$250,000. In addition, many of their employees living and working in the area have been left without shelter, personal possessions, including clothing and cooking utensils, and adequate access to food and water. An estimated 42 employees have been affected.

Though at this stage, it was still too early to tell exactly what the impact would be on the institutions' clients and, consequently, on their portfolios. The MFIs, however, did conduct a "back of the envelope" assessment and estimate that 5,542 clients will be unable to pay or will have difficulty repaying their debts, which could lead to a loss of 60,665,614 gourdes, or 1.6 million US dollars, in loan capital.

Although all of the MFIs recognized the importance of reestablishing their offices and operations soon, they were very concerned about restarting lending activities. They stressed waiting until after the humanitarian relief efforts are completed out of fear that borrowers will use loans to meet their basic needs rather than to restart their income-generating activities.

During the meeting, the MFIs mentioned the need for outside assistance in two areas: 1) financing to replace lost capital equipment, such as desks, computers, generators, and motorcycles, and to repair and repaint office space; and 2) Loan guarantee fund to guarantee new loans made to affected clients.

As a follow-up to the meeting, DAI/FINNET agreed to share the MFIs needs and concerns with USAID, who had already expressed interest in helping the affected MFIs, to encourage the donor to provide the necessary financial support as soon as possible.

### **USAID Agrees to Provide Financial Assistance to MFIs Affected by Flooding Caused by Jeanne**

DAI/FINNET met with USAID on October 4 to inform USAID of the situation facing the MFIs operating in the area of Haiti affected by the flooding. During this meeting, DAI/FINNET stressed that it is critical that all MFIs restart activity in the area as soon as possible and pointed out that some of the MFIs will need financial assistance from donors or other key stakeholders in order to resume full activity.

USAID/Haiti agreed to ask USAID/Washington for additional funds, in the amount of \$250,000, to help the affected MFIs resume operations in Port-de-Paix and Gonaives.

This funding would be used to refurbish, restore, and equip the damaged offices. USAID also indicated an interest in providing assistance to the MFIs in the area of loan recapitalization, should the MFIs need it. Once the credit officers are back in contact with their clients, and the MFIs are fully able to assess the losses, the MFIs will have a better idea concerning their write-offs and recapitalization needs. Portfolio decapitalization could amount to 1.6 million US dollars.

In December USAID informed DAI/FINNET of its intent to provide DAI/FINNET with \$250,000 to support the MFIs who suffered losses due to the flooding caused by Hurricane Jeanne in October of this year.

These funds would be for replacement of equipment, vehicles and premises and not for recapitalization. The funds would be managed through the Institution Building Award Fund (IBA), and can be accessed by eligible institutions—Tier One and Tier Two partners trying to reestablish their offices and operations after the flooding in October damaged their premises, destroyed capital assets, and left their credit officers and their clients without access to food and water.

In anticipation of the receipt of funds in January, DAI/FINNET formally requested all affected MFIs to submit applications to the project no later than January 15, 2005. Because the funds provided by USAID for this effort will flow through the IBA, all MFIs interested in receiving financial assistance will need to follow the guidelines of the IBA.

Following the guidelines of the IBA, MFIs will be able to request financial assistance to: replace commodities and equipment damaged or lost during the flooding; and engage service providers to reconstruct, repair, and repaint the damaged premises.

To access the IBA, MFIs must submit a written request of one or two pages to DAI/FINNET. This request should include a brief description of the impact of the flooding on the portfolio, credit officers, and physical infrastructure.

In addition, the MFIs must submit a detailed funding request, specifying their commodity and equipment needs and the corresponding budget. Three pro forma invoices for each requested item needs to be provided as well. As mentioned previously, per the guidelines of the IBA, funds can only be used to cover the costs associated with replacing lost or damaged equipment and with repairing and reconstructing office premises. It is to be noted that no funds will be made available for the recapitalization of the MFIs' loan portfolios.

The ceiling amount for each institution will be \$50,000. DAI/FINNET expects to receive completed applications from Fonkoze, BUH, MCN, Sogesol, ACLAM, and Fondespoir.

## **GENERAL ACTIVITY REPORT**

Similar to previous quarters, the general activity report is divided into three parts that correspond to the three principal segments of our work. As outlined in TAMIS Document #1, they are: industry component, institution building component, and financing component. Where possible, documents generated from TAMIS are used as supporting documents to the quarterly report.

### **INDUSTRY COMPONENT**

#### **Information and Networking:**

- ◆ **Website:** [www.daifinnet.com](http://www.daifinnet.com) is regularly updated to reflect project activities inclusive of CARMs, industry news, new partners' information and current training schedule. During this past quarter, the website received 18,296 hits and 4,655 visitor sessions.
- ◆ **DAI/FINNET Trainers attend CAPAF Training Program in Senegal.** In an effort to build DAI/FINNET's cadre of experienced trainers capable of delivering the CGAP courses in Haiti, the project sponsored the participation of two local trainers, Mr. Ose Pierre of DAI/FINNET, and Mr. Raoul Jean-Louis of GRAFIN, in the Operational Risk and Internal Controls Training of Trainers course offered by CAPAF, CGAP's training center in Senegal. This training, which took place from November 22 to 27, enables the participants to become certified trainers, able to deliver this course on risk management to DAI/FINNET's MFI partners in Haiti.



Although DAI/FINNET has at its disposal two other trainers certified to deliver this course, the project decided to add two additional trainers because this course remains one of the most requested training courses offered by the project.

The objective of this course is to improve MFIs' risk management capacity through: understanding the importance of having an institutional culture containing strict control systems; evaluating and measuring the institution's vulnerability to different types of risks; developing techniques that could identify and minimize these risks; and monitoring the effectiveness of their risk management strategies.

- ◆ **DAI/FINNET Attends Fonkoze Anti-Poverty Summit in Central Plateau.** From November 14 to 19, Fonkoze, the largest microfinance institution in Haiti and one of DAI/FINNET's key partners, and its health partner Zanmi Lasante held the Anti-Poverty Summit in Thomonde, Central Plateau. The summit, attended by both international and local practitioners in the fields of microfinance and health, focused on the following objectives: to synthesize the state of the art worldwide in addressing extreme poverty; and to design the program that Fonkoze and its partners will implement on the Central Plateau of Haiti to eliminate extreme poverty in five years.
- ◆ **SOCABANK Interested in Microfinance Market.** On November 15, DAI/FINNET met with Mr. Bijoux from Socabank. During the meeting, Mr. Bijoux confirmed that Socabank will enter the microfinance market and will do so by establishing a new subsidiary with 500,000 gourdes in capital. Socabank has already located premises and will start to hire staff. The subsidiary will operate in the Port au Prince metropolitan area, using the Socabank branch infrastructure, and it will attempt to gain market share by targeting a broad range of clients and by focusing on product diversification and quality. Socabank is seeking international investors and wishes to benefit from whatever technical assistance DAI/FINNET can offer.
- ◆ **SOFIHDES Receives Contract Extension.** On October 22, Ms. Jessica Francois, Director of Soficonseils, and Ms. Betty LaGrenade, Soficonseils Officer, informed DAI/FINNET that SOFIHDES received the requested twelve month Microfinance Innovation Fund (MIF) contract extension from USAID. This fund, which was due to end September 30, will remain available to Haitian microfinance institutions seeking financing for technical assistance and small capital equipment purchases. During the upcoming year, SOFIHDES will not continue to issue loan portfolio capitalization awards. They believe there is not sufficient time remaining in the contract for the recipient institutions to receive the funds, on-lend the funds, then return the funds to SOFIHDES at the end of the contract. Rather, SOFIHDES will continue to issue small grants for technical assistance projects of short duration. Also, SOFIHDES, over the next twelve months, will concentrate on collecting loan portfolio capitalization awards granted to GTIH and COD/EMH. MFIs that have not proven that they have put the capitalization funds to productive use are required to repay these funds to SOFIHDES. By the end of November, SOFIHDES will inform both COD/EMH and GTIH that they will need to start returning the funds to SOFIHDES in tranches.

- ◆ **Micro Credit National (MCN) Celebrates 5 Years of Operations.** MCN, in celebration of their fifth year of operations in Haiti, held a reception at the Hotel Montana on November 26. DAI/FINNET was expressly invited by MCN, because of the support that the project has provided to MCN and the rest of the microfinance sector in Haiti. DAI/FINNET attended the event to congratulate MCN on its development and to demonstrate support for MCN's continuing growth and development.

### **Industry Infrastructure:**

- ◆ **DAI/FINNET Installs SIPRIT at World Relief.** On December 15, a team from DAI/FINNET installed SIPRIT, the bad debtors list software, at World Relief. Using this software, World Relief's microfinance program, entitled Microenterprise Development (MED), will share the names of its delinquent clients with other participating MFIs and will gain access to the bad debtors of these same institutions.

### **CARM Activities:**

- ◆ **Training.** From October 18 to 22, CARM/North offered a training session on Financial Analysis to 12 participants from 8 institutions in Port-de-Paix. The curriculum, similar to the one developed by CGAP which is offered to MFIs in Port-au-Prince, was modified to accommodate a shorter availability schedule for MFI employees working in the provinces. On November 4 and 5, CARM/North delivered a training session on Delinquency Management to 21 participants from 10 institutions in Port-de-Paix. Participants were directors, credit coordinators, credit officers, and tellers from MFIs operating in the north and north-east of the country.

From December 8 to 9, CARM/North offered a training session on Principles of Basic Credit to 9 participants in Fort-Liberte. Participants were directors, credit coordinators, credit officers, and tellers from MFIs operating in the north and north-east of the country. CARM/South organized a general presentation on microfinance in Jeremie on December 1. Seventeen people attended. From December 2 to 3, CARM/South held a training session on Delinquency Management for the staff of MFIs in Jeremie. Sixteen employees from 9 MFIs participated.

- ◆ **Forums.** On October 20, the members of the Bad Debtors List Group in the South met in Les Cayes to share their experiences regarding bad debtors and the management of the list. During this meeting, the group voted to support the acceptance of a new member, CAMEC. On November 3 the members of the Bad Debtors List Group in the North met to share their experiences regarding bad debtors and the management of the list. During this meeting, the group voted to support the acceptance of a new member, FHAF's branch in the north.

- ♦ **Bad Debtors List.** CARM/North published the October and November Bad Debtors List, both of which contained 938 names, of which 144 have repaid their debts. CARM/North, in addition for being responsible for the distribution of the CARM/North Bad Debtors List (the list distributed in and around Cap-Haitian), is responsible for the compilation and distribution of lists in Fort-Liberte and in Port de Paix. For the month of October and November, the Fort Liberte list contained 300 names from the nine participating institutions. The list in Port de Paix included 409 names, of which 33 have repaid their debts since the inception of the list.

The CARM/South distributed its 26<sup>th</sup> Bad Debtors List in October among the 12 participating MFIs. The list contains 775 names. 38 bad debtors have repaid their loans. The CARM/South distributed its 27<sup>th</sup> Bad Debtors List in November. The list now contains 841 names. 44 bad debtors have repaid their loans.

## INSTITUTION BUILDING COMPONENT

The section below provides a summary of the training seminars that were offered during Y5Q3.

ACTIVITY	DATE	Participating Institution(s)
<b><i>Port-au-Prince Based</i></b>		
Business Planning and MICROFIN	October 11 – 15	ACME, Capital Bank, CARM-Nord, CARM-Sud, FHAF, FINCA, Fondespoir, Fonkoze, GTIH, World Relief
Communication Skills	November 16 - 17	Fonkoze internal training
New Product Development	November 22 – 26	ACLAM, BUH, Capital Bank, COD/EMH, FHAF, Fondespoir, Fonkoze, World Relief
Communication Skills	November 30 – December 1	FHAF internal training
<b><i>International Training</i></b>		
Training of Trainers: Operational Risk and Internal Controls	November 22 - 27	GRAFIN, DAI/FINNET
<b><i>CARM-based</i></b>		
Financial Analysis	October 18 – 22	12 participants from 8 institutions in Port-de-Paix
Delinquency Management	November 4 - 5	21 participants from 10 institutions in Port-de-Paix
Introduction to Microfinance	December 1	17 participants from Jeremie
Delinquency Management	December 2 - 3	16 participants from 9 institutions in Jeremie
Principles of Basic Credit	December 8 - 9	9 participants in Fort Liberte

## **Non-Bank Technical Assistance:**

### **◆ Individual Institutional Interventions**

#### **ACME**

DAI/FINNET continued to work with ACME and local information technology providers to: 1) install a communication system to network ACME's branches, allowing the branches to more efficiently share financial and non-financial information; and 2) to install a robust Internet connection at ACME's headquarters in Bois Patate to enable ACME to upload data to and access client history information from the Customer Liability Information System (CLIS).

DAI/FINNET finalized the CLIS installation at ACME's headquarters and worked with the MFI to verify that the data captured by and presented in CLIS matches the data compiled in the source files, such as the portfolio tracking system. Together with ACME, DAI/FINNET continued to troubleshoot any problems and to correct any programming errors.

#### **GRAIFSI**

GRAIFSI originally approached DAI/FINNET with a request to install a management information system and office network in order to allow the MFI to more efficiently manage their loan portfolio and accounts. As a result of several follow-up meetings to ascertain GRAIFSI's real needs and information technology capacity, it became apparent that the purchase and installation of new computers with a loan portfolio tracking software alone would be inadequate to improve the institution's operations. Together, DAI/FINNET and GRAIFSI outlined the following workplan tasks and corresponding equipment needs.

##### **Task 1: Upgrade Office Electricity System**

- Upgrade inverter, as the current inverter does not have sufficient power to support all work stations;
- Readjust power cables and ensure that electricity in the office is constant and consistent

##### **Task 2: Install Computer Network**

- Purchase and install computers
- Purchase and install UPS

##### **Task 3: Install the Management Information System**

- Install Loan Performer
- Install Peachtree Accounting

Task 4: Install Internet GNL Infrastructure, which will allow GRAIFSI's branch offices to share financial and non-financial information.

During the period, DAI/FINNET completed tasks 1, 2, and 3. By the end of the next quarter, task 4 should be complete. DAI/FINNET financed this initiative, which cost \$11,960, through the Institution Building Award Fund.

### **FINCA**

FINCA became DAI/FINNET's newest Tier One partner during the period. On October 6, DAI/FINNET met with Mr. Mike Gama-Lobo, Director of FINCA/Haiti, to discuss the Tier One partnership agreement between FINCA and DAI/FINNET and to outline FINCA's technical assistance needs. FINCA requested DAI/FINNET's help in three main areas:

- Improving the internal controls and internal audit process—DAI/FINNET has agreed to work with FINCA to put in place an internal audit program and will train FINCA staff on the internal audit function (processes and procedures);
- Establishing an effective human resource management function—DAI/FINNET will engage Dr. Nancy Horn to conduct a diagnostic of the HR function at FINCA and to recommend ways in which FINCA can improve this function; and
- Developing an individual loan product—DAI/FINNET has agreed to finance an international consultant to work with FINCA to develop an individual loan product for its graduated group clients.

### **FHAF**

DAI/FINNET worked with the Executive Director to prepare new job descriptions for the Director of Finance, the Chief Accountant, and the Assistant Accountants. In addition, the team completed a reference manual for ACCPAC and submitted the document to FHAF for review. DAI/FINNET will continue to work closely with FHAF as the institution becomes comfortable with the features of the new accounting package and as the institution moves toward improving its portfolio management system.

### **FONKOZE**

Fonkoze actively participated in all the trainings provided by FINNET in Port au Prince and at the CARM level. At the request of Fonkoze Foundation, DAI/FINNET organized a one-day training session on "Communication Skills" for all the new hires.

## **GTIH**

During the period, DAI/FINNET continued to work with the accountants at GTIH as they become comfortable with ACCPAC. The project is in the process of finalizing the reference manual for Loan Performer, the portfolio tracking system selected by the MFI and recently installed by DAI/FINNET.

## **WORLD RELIEF/MED**

DAI/FINNET helped the management of World Relief/MED to generate their first set of financial reports, following the separation of the credit program, Micro Enterprise Development (MED), from the rest of the non-profit organization's activities.

### **Commercial Bank Technical Assistance:**

#### **◆ Individual Institutional Interventions**

## **SOGESOL**

DAI/FINNET finalized the CLIS installation at Sogesol's headquarters and worked with the MFI to verify that the data captured by and presented in CLIS matches the data compiled in the source files, such as the portfolio tracking system. Together with the institution, DAI/FINNET continued to troubleshoot any problems and to correct any programming errors.

### **Credit Union Technical Assistance:**

A detailed summary of DID activities for the quarter ending December 31, 2004 is included in the appendix. There are now 19 credit unions in the DAI program. Overall good results have been achieved, primarily due to the tight supervision by the field team. Despite the relatively young age of the credit unions in the program, positive trends are noted and it can be said that the needs of the clients are being effectively addressed.

## **FINANCING COMPONENT**

### **Institution Building Financial Assistance Awards Program:**

The Institution Building Financial Assistance Fund is used to provide Tier One and Tier Two partners with targeted and timely technical assistance or financial support in a specific operational area or to reinforce the infrastructure of the institution. During the period, DAI/FINNET approved the following award.

<b>Institution Name</b>	<b>Funded Activity</b>	<b>Anticipated Amount (\$)</b>
GRAIFSI	Installation of Network and Management Information System	\$11,960.00
<b>Total Amount (\$)</b>		<b>\$11,960.00</b>

Approximately \$365,000 has been awarded and about \$85,000 remains unallocated.

## **PROJECT MANAGEMENT**

### **Personnel:**

As of the quarter ending December 31, 2004, FINNET employed 16 people: five seniors, five juniors, and six support personnel. Additional short contractual consultants are engaged on an as needed basis.

### **Results Reporting – Monitoring & Evaluation:**

A separate section of the quarterly report is devoted to the statistical results of key partners. As the reporting systems of partners improve, the information in the report will be enhanced.

### **Budget Comments:**

As of December 31, 2004, a summary of financial information pertaining to invoicing is as follows:

Contract Amount:	USD 10,307,002
Amount Obligated:	USD 7,413,000
Cumulative Amount Invoiced:	USD 7,036,017
Avg Burn Rate this Qtr:	USD 138,605

As of December 31, 2004, the percentage of funded amount spent has reached 94.9%.

## **TAMIS DOCUMENT INDEX**

1. Major Work Plan Components
2. Partners Report
  - a. Tier One
  - b. Tier Two
3. Resource Center Activity Report
4. Action Memorandum Report
5. Cumulative Output Report
6. Training Statistics Report



**PARTNER LIST**  
**TAMIS Document # 2**

**TIER ONE - KEY PARTNERS**

<b>INSTITUTION</b>	<b>METHODOLOGY</b>	<b>COMMENTS</b>
ACLAM (World Concern)	Village Banking	NGO
ACME	Individual Loans	NGO
Banque de l'Union Haitienne (BUH)	Individual Loans	Commercial Bank
COD/EMH	Village Banking	NGO
FINCA/Haiti	Village Banking	NGO
FHAF	Individual Loans	NGO
FONKOZE	Solidarity Group	NGO
Micro Credit National (MCN)	Individual Loans	Limited partnership
SOGESOL	Individual	Commercial Bank

**TIER TWO PARTNERS**

<b>INSTITUTION</b>	<b>METHODOLOGY</b>	<b>COMMENTS</b>
Capital Bank	Individual Loans	Commercial Bank
Fondespoir	Village Banking	NGO
GRAIFSI	Credit Mutuals	NGO
GTH	Individual Loans	NGO
SADA	Village Banking	NGO
ID	Individual Lending	NGO
World Relief/MED	Village Banking	NGO